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R I7874)1czchyduiv 14 June 1981
ŧ†AM-Oil-Study†
(Embargoed for automatic release at 6:30 P.M. EDT Sunday; June 14)
By Michael Posner
WASHINGTON, June 14; Reuter -- A Congressional study released today criticized the Central Intelligence Agency's projection of Soviet oil supplies as too pessimistic.
In their report; the specialists on Soviet energy policy took aim at a recently revised CIA estimate that the Soviet Union would move from an oil exporter to an oil importer by 1990.
''Soviet oil output growth may slow down; level off; or moderately fall but a sharp fall from over 12 million barrels per day to eight million a day; in our judgment; seems to be an unduly pessimistic projection for 1990;'' the report said.
John Hardt; senior specialist in Soviet economics at the Library of Congress; led the team of international experts who issued the report released by the Joint Congressional Economic Committee.
The CIA created a sensation in 1977 and in subsequent reports by saying Soviet oil production would plummet by 1985.†
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ŧ†AM-Oil-Study 2 Washington (Embargoed)†
But this spring it revised its forecast that production would drop to eight million barrels a day by 1985; saying production that year would be 10 million to 11 million barrels a day and that in 1990 it would be eight million barrels a day.
Nevertheless; the study said the CIA projection was considered among the most pessimistic outlooks; noting that the Economic Commission for Europe had forecast production would stay constant or even increase to 14 million barrels a day by 1990.

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THE SOVIET UNION KEEPS PRODUCTION FIGURES SECRET BUT SAYS OFFICALLY THAT PRODUCTION WILL BE INCREASING BY 1985.

THE STUDY NOTES; HOWEVER; THAT EVEN SOVIET EXPERTS ARE UNCERTAIN AND SAYS A LEVELLING OFF FOLLOWED BY A SHARP FALL IN SOVIET OUTPUT BY 1985 IS MORE A POSSIBILITY THAN A LIKELIHOOD.

THE SPECIALISTS SAID THERE WAS REASON TO BELIEVE THAT IF ALL OPTIONS AVAILABLE TO THE SOVIET UNION WERE USED TO IMPROVE ITS OUTPUT; ''A SHORT-TERM SLOWDOWN MAY BE FOLLOWED BY IMPROVED GROWTH RATES IN OIL OUTPUT AFTER 1985.''

BUT THE REPORT ADDED THAT NEW DISCOVERIES AND IMPROVED RECOVERY RATES WERE THE KEY TO INCREASED OR EVEN LEVEL SOVIET PRODUCTION.+

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+FAM-OIL-STUDY 3 WASHINGTON (EMBARGOED)+

THE REPORT SAID A SOVIET OIL SHORTAGE COULD AFFECT POLITICAL EVENTS IN EASTERN EUROPE AND CAUSE WORLD OIL PRICES TO RISE.

BUT IT ADDED THAT IF THE SOVIET UNION CONTINED TO EXPAND NATURAL GAS EXPORTS IT COULD GAIN AN IMPORTANT DIPLOMATIC TOOL.

THE STUDY NOTED THAT THE SOVIET UNION NEEDED WESTERN TECHNOLOGY TO DEVELOP ITS MULTI-BILLION-DOLLAR YAMAL GAS PIPELINE PROJECT BUT COULD GET MOST OF ITS SUPPLIES OUTSIDE THE UNITED STATES.

CONGRESSMAN GILLIS LONG; A LOUISIANA DEMOCRAT AND CHAIRMAN OF AN ECONOMIC SUBCOMMITTEE; SAID IN A SEPARATE STATEMENT HE WAS CONCERNED ABOUT THE ECONOMIC AND POLITICAL IMPLICATIONS OF FUNDING THE PIPELINE FROM WESTERN SIBERIA TO EUROPE.

LAST WEEK PRESIDENT REAGAN WAS ASKED BY UTAH SENATOR JAKE GARN AND TWO OTHER REPUBLICAN CONGRESSMEN TO TAKE IMMEDIATE ACTION TO HALT U.S. PARTICIPATION IN THE PROJECT; SAYING IT COULD LEAD TO THE ''FINLANDIZATION'' OF WESTERN EUROPE.

THE PIPELINE; DUE FOR COMPLETION IN 1985 OR 1987; WOULD CARRY GAS ACROSS EASTERN EUROPE AND HOOK UP WITH WEST EUROPEAN PIPELINES TO DELIVER ABOUT 1;500 BILLION CUBIC FEET OF GAS A YEAR.+

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